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FM AMEMBASSY BRASILIA
TO RUEHC/SECSTATE WASHDC 5286
INFO RUEHBU/AMEMBASSY BUENOS AIRES 3978
RUEHSG/AMEMBASSY SANTIAGO 5469
RUEHLP/AMEMBASSY LA PAZ 4542
RUEHPE/AMEMBASSY LIMA 2966
RUEHQH/AMEMBASSY QUITO 1795
RUEHBO/AMEMBASSY BOGOTA 3720
RUEHAC/AMEMBASSY ASUNCION 5394
RUEHGE/AMEMBASSY GEORGETOWN 1045
RUEHMN/AMEMBASSY MONTEVIDEO 6212
RUEHPO/AMEMBASSY PARAMARIBO 1071
RUEHCV/AMEMBASSY CARACAS 3223
RUEHRG/AMCONSUL RECIFE 4704
RUEHSO/AMCONSUL SAO PAULO 6873
RUEHRI/AMCONSUL RIO DE JANEIRO 1997
RUEATRS/DEPT OF TREASURY WASHDC
RHEBAAA/DOE WASHDC
RUEHC/DOI WASHDC
RUEAWJA/DOJ WASHDC
RUEAEPA/HQ EPA WASHDC
RUEANAT/NASA WASHDC
RUCPDC/NOAA WASHDC
RUMIAAA/USCINCSO MIAMI FL
RUEHRC/USDA WASHDC
RUCPDC/USDOC WASHDC

UNCLAS SECTION 01 OF 02 BRASILIA 000870

SIPDIS

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DEPT FOR OES/ENV JMATUSZAK
STATE PLS PASS TO USAID LAC/RSD, LAC/SAM, G/ENV, AND PPC/ENV
STATE PLS PASS TO NSF/INTL FOR HSTOLBERG
TREASURY FOR USED IBRD AND IDB AND INTL/MDB
USDA TO FOREST SERVICE FOR MZWEED
USDA TO ARS/INTERNATIONAL RESEARCH FOR G FLANLEY
INTERIOR TO DIR INT AFFAIRS FOR KWASHBURN
INTERIOR TO FWS FOR TRILEY
INTERIOR PASS TO USGS/INTERNATIONAL/JWEAVER
JUSTICE TO ENVIRONMENT AND NATURAL RESOURCES FOR JWEBB
EPA FOR INTERNATIONAL/HILL-MACON

E.O. 12958: N/A

TAGS: SENV EAGR EAID ECON SOCI BR

SUBJECT: GEF FUNDING CONCERNS AND THE CERRADO

11. SUMMARY: During the Meeting of the Parties of the Commission on Sustainable Development in Curitiba in March, Marina Silva, Brazil's Minister for the Environment, announced the intention of the Government of Brazil to increase legal protection of the Cerrado ecosystem. Part of this new focus on the Cerrado will involve the creation of the Sustainable Cerrado Initiative which will use GEF funding to improve the sustainable development of this biome. Recent changes to the GEF, including the new Resource Allocation Framework and the level of USG funding for the fourth replenishment, have created concerns within the GOB over whether this initiative will receive enough funding to remain viable. END SUMMARY.

The Cerrado

12. Currently considered the richest savannah in the world in terms of biodiversity, the Brazilian Cerrado combines over 10,000 plant species and 1,575 animal species. This unique ecosystem covers an area of two million square kilometers, a quarter of the Brazilian national territory. It occupies the whole of central Brazil and extends through thirteen Brazilian states and the Federal District. Threatened by the loosely regulated advance of the agricultural

frontier (primarily for soy bean and sugar cane production), which has already advanced over more than fifty percent of the region, only two percent of the Cerrado is protected in conservation units such as national parks and biological reserves. Beyond the devastation of its abundant biodiversity, the destruction of the Cerrado endangers a region that feeds the aquifers of the principal river basins of Brazil.

The National Commission for the Cerrado

¶13. Impressed by the speed at which the landscape of the Cerrado is being converted into pasture and farmland - 30,000 square kilometers per year - Brazilian civil society and the government are debating conservation strategies for the biome. These conversations resulted in the creation of a National Commission for the Sustainable Cerrado Program (Comissao Nacional do Programa Cerrado Sustentavel - CONACER). CONACER will be presided over by Joao Paulo Capobianco, head of the Biodiversity and Forests Secretariat of the Ministry of the Environment (MMA). In addition, CONACER will be composed of 26 members from a wide array of government, academic, and civil society representatives. The Commission will be the focal point for coordinating public policies related to conserving the Cerrado. One of the top priorities of CONACER is to convince the Brazilian parliament to approve a constitutional amendment proposal (PEC) to include the Cerrado as a National Heritage Site. Brazil's 1988 Constitution only includes the Amazon, Atlantic Rainforest, and the Pantanal as areas of national interest.

GEF Projects in the Cerrado

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¶14. The GOB submitted the GEF Sustainable Cerrado Initiative project which is a joint effort by the Government of Brazil, MMA, States of Goias, Tocantins, Federal District and EMBRAPA (Agricultural Research Agency) to support the conservation and sustainable development of the Cerrado biome in central Brazil. The GOB project proposal requested US\$ 27 million although only US\$ 13 million was approved.

¶15. The GEF Sustainable Cerrado Initiative project would support the strategy and priorities established by the multi-stakeholder CONACER- Cerrado Biome Working Group and help establish a biome-wide coordinated program of action to protect and use in a sustainable manner the remaining Cerrado. According to the Cerrado Directory of the Ministry of Environment, this GEF project is still under negotiation despite the fact that they received positive indications that the project was approved by the GEF council. They are still waiting for the financial resource guarantee.

The GEF Resource Allocation Framework (RAF)

¶16. The GOB Ministry of Planning and Budget which coordinates the GEF procedure affirmed that the new RAF in particular is helpful and will force governments to focus and prioritize the projects creating more holistic country strategies. However, the transition in implementation of the RAF is creating concerns because the GOB doesn't know which current projects have money from GEF 3 and which are to be put off to GEF 4. The biggest concern is that if the U.S. funding levels decrease for GEF 4, there will be fewer resources to promote GOB GEF projects. In addition, due to the changes in the GEF brought on due to the RAF, the GOB is trying to find out what a reasonable expectation of funding for this and future projects could be, given the desire by the GEF to allocate a base level of funding for each country.

¶17. Having answers to these questions will enable the GOB to allocate more efficiently the resources that are or will be provided to it. In addition, the GOB will be creating a new vetting and review procedure for GEF proposals as the new RAF will force the GOB to focus more closely on national priorities rather than those of any particular stakeholders. Mr. Carlos Lampert, General

Coordinator for International Affairs of the Ministry of Planning and Budget also thought that it might be instructive for the GEF to coordinate and host a regional meeting for countries to present and share their strategies for dealing with the new RAF procedures.

According to Mr. Lampert, while Brazil has a strong interagency process for dealing with GEF proposals and coordinating the national strategy, many other countries in the region still lack the institutional ability to do this and thus could find themselves in a position of losing GEF funding through the new RAF.

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